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Update on R&D in Japan

Reports issued recently by the Japanese government reveal that total outlays for research and development rose 10 percent in the year through March 1984. Despite this gain, Japan remains in third place in the international ranking of R&D expenditures, far behind the United States and just short of the Soviet Union. The reports also indicate that basic research in Japan will receive greater attention in coming years.

The Science and Technology Agency's annual white paper was devoted entirely to a discussion of basic research, including how Japan stacks up against other Western industrialized countries, where current research is directed, and what the government should be doing. According to the report, Japan spent Y858.3 billion ($3.5 billion) on basic research in fiscal 1982 (14.6 percent of total R&D outlays), compared with $10.1 billion (12.3 percent) in the United States, and $2.9 billion (19 percent) in West Germany (fiscal 1981). The report laments the fact that Japanese researchers publish only one-fifth or one-tenth as many theses on subjects ranging from computers to new materials to biotechnology as their counterparts abroad. It places part of the blame for this inferior performance on government research institutes and private companies that tend to spend more on applied research.

Trade and Payments Data
(in millions of dollars unless otherwise indicated)

	1982	1983	January-November 1983	January-November 1984	September 1984	October 1984	November 1984
Japan's Balance of Payments							
Trade Balance	$ 18,079	$ 31,454	$27,712	$39,308*	$ 5,220*	$ 4,504*	$ 3,854*
Exports (f.o.b.)	137,663	145,468	130,564	152,744*	14,484*	14,778*	13,853*
Imports (f.o.b.)	119,584	114,014	102,852	113,436*	9,264*	10,274*	9,999*
Current Account Balance	6,850	20,799	17,617	30,370*	4,348*	3,889*	2,904*
Long-Term Capital (net)	-14,969	-17,700	-15,860	-41,531*	-2,189*	-4,021*	-4,869*
Overall Balance	-4,971	5,177	4,140	-13,961	2,777	-274	-2,032
International Reserves (end of period)	23,262	24,496	24,697	26,075	25,444	25,702	26,075
Japan's Customs Clearance Trade							
Trade Balance	6,900	20,534	17,582	29,061*	4,493	3,598	3,135*
Exports (f.o.b.)	138,831	146,928	131,711	154,192*	14,644	14,922	13,985*
Cars	18,015	19,535	17,724	20,090*	1,855	1,835	1,825*
Steel	15,645	12,843	11,510	12,402*	1,207	1,213	1,103*
Imports (c.i.f.)	131,931	126,393	114,128	125,131*	10,150	11,324	10,850*
Crude Oil	46,274	40,063	35,777	36,033*	2,650	3,079	3,051*
Japan-U.S. Trade							
Trade Balance	12,151	18,181	15,973	29,991*	3,311	3,240	3,226*
Exports (f.o.b.)	36,330	42,829	38,166	54,485*	5,346	5,522	5,247*
Imports (c.i.f.)	24,179	24,648	22,193	24,493*	2,034	2,283	2,022*
Yen-Dollar Exchange Rate							
Tokyo Spot Market (end of period)	Y235.00	Y232.20	---	---	Y245.50	Y245.25	Y246.30
U.S.-Japan Trade							
Trade Balance	-16,778	-19,289	-17,568	-31,552	-3,172	-3,203	-2,444
Exports (f.a.s.)	20,966	21,894	19,809	21,433	1,768	1,872	2,144
Industrial Supplies	9,173	8,734	7,859	8,239	689	728	792
Food and Feed	4,971	5,555	5,118	5,523	468	384	561
Capital Goods	4,434	5,116	4,549	5,055	385	514	477
Consumer Goods	1,356	1,394	1,282	1,363	130	130	118
Imports (Customs)	37,744	41,183	37,376	52,985	4,940	5,075	4,588
Automotive Products	12,890	14,919	13,476	17,082	1,471	1,538	1,429
Industrial Supplies	6,795	5,391	4,898	6,763	624	650	570
Consumer Goods	7,842	8,296	7,528	10,545	1,006	1,083	996
Capital Goods	9,530	11,896	10,851	17,827	1,773	1,723	1,527

*Preliminary

STATISTICAL SUPPLEMENT

Japanese Economic Indicators

(percentage change from year-earlier period unless otherwise indicated)

	1982	1983	January-October 1983	January-October 1984	August 1984	September 1984	October 1984
Discount Rate (end of period)	5.5%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Outstanding Money Supply	9.2%	7.4%	7.4%	7.8%	7.7%	8.1%	7.7%
Industrial Production	0.3%	3.6%	2.4%	11.4%	11.0%	8.6%	12.0%
Manufacturing Operating Rate	-2.9%	1.6%	0.4%	9.0%	8.6%	5.8%	8.0%
Number of Bankruptcies	-2.8%	11.9%	10.7%	11.3%	4.7%	-3.6%	5.7%
Residential Construction Starts	-0.5%	-0.8%	-1.5%	4.5%*	4.3%	3.8%	5.8%*
Job Openings to Applications (ratio)	0.61	0.60	0.59	0.64	0.64	0.64	0.65
Nominal Wages	4.5%	3.5%	3.7%	4.4%	3.4%	4.5%	4.4%
Labor Productivity	1.0%	4.6%	2.3%**	10.7%**	10.7%	n.a.	n.a.
Wholesale Prices	1.8%	-2.2%	-2.1%	-0.3%	0.2%	0.3%	0.7%
Consumer Prices	2.7%	1.9%	1.8%	2.2%	1.9%	2.3%	2.2%
Yen-Based Export Prices	3.9%	-6.0%	-6.2%	0.2%	1.1%	1.7%	3.3%
Yen-Based Import Prices	7.9%	-7.8%	-7.0%	-4.0%	-3.5%	-3.1%	0.0%

*Preliminary
**Through August of each year only.

For Japan's most recent GNP figures, see JEI Report No. 47B, December 14, 1984.